



**JUSTICE CABINET  
DEPARTMENT OF  
JUVENILE JUSTICE  
POLICY AND  
PROCEDURES**

**REFERENCES:**

**CHAPTER: Administration**

**AUTHORITY: 200 KAR 5:021**

**SUBJECT: Procurement Card**

**POLICY NUMBER: DJJ 107.2**

**TOTAL PAGES: 6**

**EFFECTIVE DATE: 4/17/2015**

**APPROVAL: Bob D. Hayter**

**, COMMISSIONER**

**I. POLICY**

The Procurement Card Program (ProCard) is set forth in Finance and Administrative Cabinet Policies and Procedures (FAP) 111-58-00 and shall be used by the Department of Juvenile Justice (DJJ) to support an efficient method for making small purchases and processing timely payments.

**II. APPLICABILITY**

This policy shall apply to all DJJ staff.

**III. DEFINITION**

Refer to Chapter 100.

**IV. PROCEDURES**

**A. ProCard Issuance and Security**

**1. The cardholder shall:**

- a. Sign the procurement card agreement.
- b. Have exclusive use of the issued card.
- c. Authorize all purchase transactions processed against the issued ProCard and follow the monetary approval procedures outlined in Policy 107.1 (Procurement and Expenditures) and set forth in the flowchart therein.
- d. Obtain the prior written approval of the supervisor for all purchases, with exemptions outlined below.
  - i. The following are exemptions to supervisor approval for each Procard use or purchase:
    - a) monthly utility payments,
    - b) monthly cable service payments,
    - c) monthly shredding service payments,
    - d) monthly pest control service payments,
    - e) monthly garbage service payments, and

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- f) emergency repairs not to exceed \$1000.
  - ii. Procard approver shall provide prior written approval at the beginning of each fiscal year for the items listed above as exemptions, if the cardholder makes these types purchases or payments. The written approval shall be maintained in the Pro-Card holder's file in the Fiscal Branch of Central Office.
- e. Notify the Procurement Card Administrator of their intent to leave their position, return the issued card, and submit any outstanding documentation prior to leaving that position.
- f. Be responsible for minimizing the risk of fraud and comply with the following requirements:
  - i. Keep the card in a safe location;
  - ii. Ensure written documentation, including forms, reports, statements, and receipts, containing card numbers is stored in a safe location; and
  - iii. Destroy written documentation containing card numbers that is not needed.
- 2. Reporting a Lost or Stolen Procurement Card
  - a. The cardholder shall be responsible for immediately reporting a stolen or lost procurement card to the issuing bank.
  - b. Once the bank has been notified, the cardholder shall immediately report the lost or stolen card to the Agency Procurement Card Administrator and supervisor.
- B. Allowable and Non-Allowable Purchases
  - 1. Purchases shall be for the use and benefit of the Commonwealth.
    - a. No personal purchases shall be allowed.
    - b. Unauthorized use of the Procurement Card may result in disciplinary action up to and including dismissal.
  - 2. ProCards may be used to purchase the following:
    - a. Office supplies;
    - b. Janitorial supplies;
    - c. Registration fees with prior approval;
    - d. First aid supplies and non-prescription drugs;
    - e. Groceries, household, and hygiene items;
    - f. Services not provided under contract; and
    - g. Services or goods provided under contract that are not prohibited by FAP-11-58-00 or the terms and conditions of the Catalog Master Agreement.
  - 3. A ProCard may be used for 1099 reportable services in accordance with FAP-111-58-00. The vendor's Federal Tax Identification number

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shall be included on the original receipt or invoice when submitted to the Procurement Card Administrator. Services, which are 1099 reportable, shall include the following:

- a. Purchased labor associated with maintenance and repairs. Supplies or parts for repairs shall not be included;
  - b. Lawn care and snow removal;
  - c. Elevator maintenance;
  - d. Fire extinguisher service;
  - e. Advertising;
  - f. Pest control;
  - g. Laundry and linen services;
  - h. Bottled water;
  - i. Cable TV and satellite TV services;
  - j. Garbage and sanitation services; and
  - k. Veterinary services.
4. Cardholders shall not make purchases with suppliers in the Merchant Category Code (MCC) group 86. Specifically, if a cardholder attempts to use the procurement card with a supplier of any of the following, the transaction will be denied immediately:
    - a. Airlines;
    - b. Automobile rental;
    - c. Hotels and motels;
    - d. Eating places and restaurants;
    - e. Bars, cocktail lounges, discotheques, nightclubs, and taverns;
    - f. Quick payment service, for example fast food restaurants;
    - g. Package stores, beer, wine, liquor; and
    - h. Financial institutions, cash advances, travelers cheques, securities, and insurance.
  5. Cardholders shall request approval from the Agency Procurement Card Administrator prior to a transaction from a supplier in the MCC group 5.
  6. DJJ ProCards shall not be used for the following items:
    - a. Travel expenses;
    - b. Entertainment expenses;
    - c. Alcoholic beverages;
    - d. Tobacco products;
    - e. Automotive gasoline;
    - f. Automotive car washes;
    - g. Cash advances;

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- h. Salaries and wages;
- i. Legal services;
- j. Lease purchases;
- k. Insurance premiums and bonds;
- l. Personal service contract payments;
- m. Printing services, except copying costs may be paid by use of the card, if the cardholders workstation is outside of Franklin County; and
- n. Medical expenses.

- 7. No hardware or software purchases shall be made using the procurement card.
  - a. Computer accessories may be purchased with prior approval from the Information Systems Branch Manager.
  - b. The approval shall be attached to the itemized invoice when submitted to the Procurement Card Administrator.
- 8. DJJ Procards may be used in an emergency. The cardholder shall provide description of purchased items and detailed justification for the purchase to the approver. Approver must determine whether the use was authorized or unauthorized.

**E. Cardholder Responsibilities**

- 1. Each cardholder shall be assigned single purchase and cycle limits per the Cardholder Agreement. Single purchase amounts shall include the costs of delivery, shipping, and handling.
- 2. Procurement transactions shall not be split, parceled, or divided over a period of time in order to avoid exceeding the cardholder limit. A split purchase exists when there is intent to purchase items at any time interval to avoid the cardholder's single purchase limit.
- 3. Cardholders shall inform all vendors that the Commonwealth of Kentucky is a tax-exempt institution. The Kentucky tax-exempt number is on the card.
  - a. Cardholders are responsible for ensuring sales tax is not charged on procurement card purchases.
  - b. Transactions shall not be made with vendors that refuse to exempt a purchase from sales tax.
  - c. Cardholders shall obtain a copy of the Kentucky and the DJJ sales tax exemption letter from the Fiscal Branch and can provide a copy to a vendor upon request.
- 4. Cardholder shall be responsible for inspecting all items purchased. If items are returned, the cardholder shall be responsible for coordinating the return directly with the supplier and contacting the

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Agency Procurement Card Administrator with any unresolved issues.  
Returns for cash shall not be permitted.

5. Documentation Regarding Procurement Card Transactions
  - a. Each purchase shall have prior written approval.
  - b. Each purchase shall have an itemized receipt or invoice and all supporting documentation.
  - c. The cardholder shall forward original itemized receipts and supporting documentation for transactions to the Procurement Card Administrator, weekly. Additionally, the transaction list shall be signed by the cardholder and supervisor and accompany the itemized receipts.
  - d. Itemized receipts shall contain the following information:
    - i. Minor object codes (e codes) for all purchases, if there are multiple items, total each minor object code separately;
    - ii. Signature of cardholder; and
    - iii. Federal tax identification number, if applicable.
  - e. The cardholder shall be responsible for maintaining copies of receipts or invoices and any supporting documentation. Supporting documentation may include any of the following items:
    - i. Cashier's receipt or vendor invoice identifying the items purchased;
    - ii. Receipts for credit transaction;
    - iii. Packing slip for goods received or service report for any service performed, when agency required;
    - iv. Order form or application, when agency required; or
    - v. Internal order form.
6. Cardholders shall receive a monthly statement from the card issuing bank.
  - a. Cardholders shall reconcile the transactions monthly using the statement received and the receipt or invoice copies maintained by the cardholder.
  - b. If fraudulent charges appear against a card, the cardholder shall complete the following steps:
    - i. Report the charges to issuing bank immediately; and
    - ii. Report the charges to your Agency Procurement Card Program Administrator and Procurement Card Administrator.
7. If a charge receipt cannot be produced and the charge cannot be substantiated as a legitimate governmental expense by the end of the second billing cycle following the purchase, the card shall be revoked and the cardholder shall be held personally liable for the charge and subject to disciplinary action.

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8. The cardholder shall be responsible for reporting all inventory items purchased (equipment \$500 or over) to the department property officer via e-mail or fax.
  - a. The e-mail shall include the date the item is received, the purchase amount, the serial number, and the inventory tag number.
  - b. The serial number and inventory tag number shall be submitted to the Procurement Card Administrator.

F. Supervisors shall be responsible for the following:

1. Providing written approval for each purchase made by the Cardholder.
2. Signing the Cardholders weekly transaction list.
3. Approving the Cardholders transactions through the issuing banks online system.

G. ProCard Administrator shall be responsible for the following:

1. Ensuring receipts are collected for every transaction and reconciled to transactions within eMARS;
2. Verifying that each Cardholder and their respective supervisor have electronically signed the Cardholders transactions on the issuing banks online system;
3. Coordinating the payment process to ensure a complete timely remittance;
4. Ensuring items purchased, which are required to be documented on the fixed asset inventory, are included and submitted to the Property Officer;
5. Reconciling the monthly billing statement; and
6. Extracting transactions from the issuing bank's online system.

## **V. MONITORING MECHANISM**

All Administrative Managers, the Director of Administrative Services, and Fiscal Branch Manager shall monitor these activities.